



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 17, 2012

H.R. 3985 **Building Better Business Partnerships Act of 2012**

As ordered reported by the House Committee on Small Business on March 22, 2012

SUMMARY

H.R. 3985 would amend programs that pair disadvantaged small businesses with other eligible businesses (mentor-protégé programs) in order to allow them to participate in set-aside programs for federal contracts. The bill would direct the Small Business Administration (SBA) to broaden the scope of its mentor-protégé program to cover all small businesses (currently the program is open to a limited pool of participants). The bill also would direct the SBA to develop regulations that would apply to mentor-protégé programs operating in other federal agencies.

Based on information from the SBA and several federal agencies that operate mentor-protégé programs, CBO estimates that implementing H.R. 3985 would cost \$6 million over the 2013-2017 period, assuming appropriation of the necessary amounts. CBO estimates that enacting H.R. 3985 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 3985 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3985 is shown in the following table. The costs of this legislation fall within several budget functions, including 250 (general science, space, and technology), 370 (commerce and housing credit), and 550 (health).

	By Fiscal Year, in Millions of Dollars					2013-
	2013	2014	2015	2016	2017	2017
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	*	1	2	2	2	7
Estimated Outlays	*	1	1	2	2	6
* = less than \$500,000.						

BASIS OF ESTIMATE

H.R. 3985 would expand the SBA’s mentor-protégé program beyond the limited pool of participants eligible to participate under current law and would direct the agency to establish rules to ensure that mentor-protégé programs in other federal agencies improve the ability of protégés to compete for federal contracts. Under current law, 13 agencies have developed mentor-protégé programs with similar but not standardized policies and procedures. Once the SBA has established rules for the program, the bill would give participating agencies one year to develop a plan that conforms to those rules.

The cost of mentor-protégé programs to the participating agencies consists primarily of personnel and associated overhead expenses to process applications, prepare reports, and track outcomes. The organizational structure varies from agency to agency; some agencies have full-time staff members devoted to the mentor-protégé program, with other staff assisting as part of their duties. Most agencies, however, have employees working part-time on the program.

Based on information from the SBA and several agencies with existing programs, CBO expects that the new rules would probably require agencies to revise their current plans, meet new performance tracking and reporting requirements, and track protégé performance after the partnership has expired. CBO estimates that implementing those provisions would cost \$6 million over the 2013-2017 period, assuming appropriation of the necessary amounts.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3985 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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